

LCQ7: Research, Academic and Industry Sectors One-plus Scheme

Following is a question by Professor the Hon William Wong and a written reply by the Secretary for Innovation, Technology and Industry, Professor Sun Dong, in the Legislative Council today (January 31):

Question:

On October 18 last year, the Innovation and Technology Commission launched the Research, Academic and Industry Sectors One-plus Scheme (the Scheme) and started accepting applications for the first application solicitation exercise until November 30. The Scheme provides funding on a matching basis to at least 100 research teams from eight universities funded by the University Grants Committee (UGC) which have good potential to become successful start-ups. There are views that some application requirements of the Scheme may constitute barriers to eligible universities in reaching out to reliable investors, while affecting the success rate of applications. In this connection, will the Government inform this Council:

- (1) of the respective numbers of applications submitted by various universities for the Scheme;
- (2) given the Scheme's requirement that each of the universities can only submit a maximum of 15 applications for each application solicitation exercise, whether, under the situation of having unused quotas in the first application solicitation exercise, applications will be allowed from those universities which have already reached the upper limit of their application quotas or other non-UGC-funded tertiary institutions;
- (3) as it is learnt that some large enterprises find it necessary to stipulate a redeemable requirement when they enter into investment agreements with external parties, but the Scheme's requirement that capital investment from the industry must either be a non-repayable cash contribution or an investment with no redeemable requirement has rendered it difficult for universities to seek to co-operate with large enterprises with more robust financial strengths, whether the authorities will review the relevant requirement, so as to ensure that investors can fulfil their investment commitment, while the Scheme can cater for the actual operation of the market;
- (4) whether it will review the framework of the assessment criteria of the Scheme (especially the assessment item on financial considerations of projects), and whether it will consider including more assessment considerations (such as the investment value of projects) to enhance the clarity of the assessment criteria;
- (5) as it is learnt that when submitting project applications for the first

stage of the Scheme, universities are required to submit at the same time details of their co-operation with investors at both the first and second stages, but there are views that as it takes a maximum of three years for projects to proceed from the first stage to the second stage, during which unpredictable changes are bound to occur, making it extremely difficult to submit at an early stage the relevant co-operation arrangements for the coming few years, whether the Government will consider allowing the applicants to submit details of the co-operation arrangements in the second stage when project applications for that stage are submitted; and

(6) as it is learnt that many companies have not heard of the Scheme, of the details of the authorities' promotion of the Scheme to the industry since the launch of the Scheme, for instance, whether briefing sessions have been held; if so, of the number of such sessions; of the authorities' arrangements to promote the Scheme to the industry before the Scheme starts accepting applications for the second application solicitation exercise?

Reply:

President,

My consolidated reply in response to the questions raised by Professor the Hon William Wong is as follows:

To promote the "1 to N" transformation of research and development (R&D) outcomes and industry development, the Government launched the Research, Academic and Industry Sectors One-plus Scheme (the Scheme) in October 2023 with the aim to unleash potential of local universities in transformation and commercialisation of R&D outcomes, and facilitate relevant collaboration among the Government, industries, universities, and research sectors. It will fund, on a matching basis, at least 100 research teams from eight universities funded by the University Grants Committee (UGC), which have good potential to become successful start-ups.

It is expected that the Scheme would invite two rounds of applications every year. The first application solicitation period ended on November 30, 2023, and a total of 94 applications were received. All applications in each solicitation exercise are assessed collectively, and based on the experience of the first exercise, universities generally submit their applications close to the application deadline. Allowing universities which have already submitted the maximum number of applications to submit additional ones so as to use up the remaining quotas from other universities will affect the progress of application assessment, causing delay in project approval and subsequent fund disbursement. If universities have applications that exceed the maximum number of applications in each round, they can submit them in the subsequent rounds.

The Scheme does not allow investment with redeemable requirement. This is mainly to protect the interests of universities' R&D teams. Contribution from the industry must be in the form of a non-repayable cash contribution or an investment with no redeemable requirement such that the contribution would

not become a potential debt for the project. We hope that both the universities' R&D teams and the industry can enjoy the development opportunities brought by the Scheme while at the same time sharing the associated risks. Besides, the Government's funding support to approved projects on a matching basis under the Scheme has, to a large extent, shared the risks of the industry.

The assessment criteria of the Scheme include (i) the innovation and technology (I&T) component of the project, (ii) commercial viability of project outcomes, (iii) technical and management capability of the team, (iv) relevance of the project with government policies or in overall interest to the community, as well as (v) the financial considerations of the project. We believe that the above assessment criteria have already covered the investment value of relevant projects, which will also be considered holistically by the Steering Committee of the Scheme during assessment.

As regards the project proposals, their overall and long-term development plans, including their project plans in the first and second stages, the project milestones, expected deliverables as well as the financial contribution, can assist the Steering Committee of the Scheme to have a more comprehensive assessment on the overall feasibility and potential of commercialisation of the projects. The Government understands that there might be unpredictable changes during project implementation. Hence, the project team of an approved project is allowed to submit change requests relating to project objectives and plan, which will then be reviewed and approved for implementation according to relevant mechanism. For projects that have yet to enter a more mature stage, universities may consider applying for other funding schemes under the Innovation and Technology Fund as appropriate. When such projects have reached a more mature stage with confirmed investment co-operation between the university and the industry, universities may join the second stage of the Scheme direct.

On promotion, the Government has been maintaining close contact with the eight UGC-funded universities, which are the applicants under the Scheme. Prior to the official launch of the Scheme, a large-scale forum was organised by the Government to introduce the details of the Scheme and address questions from around 200 participants from the eight universities. We are aware that the universities have been maintaining close liaison with the industry to proactively seek investors for their projects. The Government will continue to promote the Scheme to the relevant sectors on suitable occasions.

We are making an all-out effort to follow up with the assessment of applications received in the first round, with a view to announcing the results in the first quarter of 2024. The Government will, drawing from the experience of the first round of applications, review the various arrangements of the Scheme as necessary, e.g. its application procedures, assessment criteria. We hope a more refined Scheme would promote collaboration among the industry, academic and research sectors, incentivise the transformation and commercialisation of R&D outcomes, and develop Hong Kong as an international I&T centre.